

An act to amend Sections 16773 and 16965 of the Government Code, and to amend Sections 9400.1, 9400.4, and 42205 of the Vehicle Code, relating to transportation finance, and making an appropriation therefor, to take effect immediately, bill related to the budget.



THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) Voters of the state have previously approved Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (bond act) to provide funding for needed improvements in transportation infrastructure in the state.

(b) While the bond act provided that the debt service on bonds would be paid from the General Fund, on March 24, 2011, the Legislature enacted Assembly Bill 105 (Chapter 6, Statutes of 2011), which provided for reimbursement to the General Fund of all debt service costs with respect to these bonds issued under the bond act to come from vehicle weight fees generated under the Vehicle Code.

(c) If debt service with respect to the bonds could be paid in the first instance from vehicle weight fees, with the General Fund as a backstop, creating “enhanced” transportation bonds, those bonds would be expected to be able to obtain higher credit ratings from the national credit rating agencies, resulting in lower interest costs to the state. In addition, market demand for the enhanced bonds potentially could lower the costs of other general obligation bonds by reducing the supply of bonds being sold under the state’s regular credit.

(d) The creation of enhanced transportation bonds is consistent with the purposes of the bond act as it does not change the use of bond proceeds or programs that are funded by any bonds issued under the bond act. Moreover, it does not alter the rights of bondholders but would serve to reduce debt service costs or achieve additional



benefits for the state in a manner that would not violate any expectations of the voters and taxpayers who approved the bond act.

SEC. 2. Section 16773 of the Government Code is amended to read:

16773. (a) Whenever any payment of principal of any bonds shall become due, either upon the maturity of any of the bonds or upon the redemption thereof prior to maturity, and whenever any interest on any of the bonds shall fall due, warrants shall be drawn against the appropriation made by the bond act from the General Fund by the Controller in favor of the Treasurer, or state fiscal agents, or other duly authorized agents, pursuant to claims filed with the Controller by the Treasurer, in the amounts so falling due. ~~For~~

(b) For any payments of debt service, as defined in subdivision (c) of Section 998.404 of the Military and Veterans Code, with respect to any bonds issued pursuant to a veterans' farm and home purchase bond act adopted pursuant to Chapter 6 (commencing with Section 980) of Division 4 of the Military and Veterans Code, the Controller shall first draw warrants against the appropriation from the Veterans' Bonds Payment Fund in Section 988.6 of the Military and Veterans Code, and, to the extent moneys in that fund are insufficient to pay the amount of debt service then due, shall draw warrants against the appropriation made by the bond act from the General Fund for payment of any remaining amount then due.

(c) (1) For any payments of debt service, as defined in paragraph (4) of subdivision (a) of Section 16965, with respect to any designated bonds issued pursuant to Proposition 1B, the Controller shall first draw warrants against the appropriation from the Transportation Bond Direct Payment Account of the Transportation Debt



Service Fund created by subdivision (a) of Section 16965, and, to the extent moneys in that account are insufficient to pay the amount of debt service then due, shall draw warrants from the General Fund for payment of any remaining amount then due against such appropriation as may be available therefor, including the appropriation made by Proposition 1B.

(2) (A) For purposes of this subdivision and Section 16965, "Proposition 1B" means the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1).

(B) For purposes of this subdivision, Section 16965, and Section 9400.4 of the Vehicle Code, the term "designated bond" means any designated bond under Proposition 1B, and the term "nondesignated bond" means any bond issued under Proposition 1B, whether issued before or after the enactment of the act adding this subdivision, that is not a designated bond. For purposes of this subdivision, a "designated bond" is an issue of bonds (including refunding bonds) under Proposition 1B that has been designated by the Treasurer upon or prior to its issuance, with the approval of the related finance committee, to be paid pursuant to paragraph (1).

SEC. 3. Section 16965 of the Government Code is amended to read:

16965. (a) (1) The Transportation Debt Service Fund is hereby created in the State Treasury. Moneys in the fund shall, among other things, as provided in this section, be dedicated to payment all of the following purposes:

(A) Payment of debt service on bonds, or to redeem or defease with respect to designated bonds, as defined in subdivision (c) of Section 16773, and as further provided in paragraph (3) and subdivision (b).



(B) To reimburse the General Fund for debt service with respect to bonds.

(C) To redeem or retire bonds, pursuant to Section 16774, maturing in a subsequent fiscal year, including year.

(2) The bonds eligible under subparagraph (B) or (C) of paragraph (1) include bonds issued pursuant to the Clean Air and Transportation Improvement Act of 1990 (Part 11.5 (commencing with Section 99600) of Division 10 of the Public Utilities Code), the Passenger Rail and Clean Air Bond Act of 1990 (Chapter 17 (commencing with Section 2701) of Division 3 of the Streets and Highways Code), the Seismic Retrofit Bond Act of 1996 (Chapter 12.48 (commencing with Section 8879) of Division 1 of Title 2), ~~the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Chapter 12.49 (commencing with Section 8879.20) of Division 1 of Title 2); and the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code), and nondesignated bonds under Proposition 1B, as defined in subdivision (c) of Section 16773. If the moneys in the fund are insufficient to pay the balance of the debt consistent with existing obligations, the General Fund will be used to pay the balance of any debt service.~~

(3) (A) The Transportation Bond Direct Payment Account is hereby created in the State Treasury, as a subaccount within the Transportation Debt Service Fund, for the purpose of directly paying the debt service, as defined in paragraph (4), of designated bonds of Proposition 1B, as defined in subdivision (c) of Section 16773.

Notwithstanding Section 13340, moneys in the Transportation Bond Direct Payment Account are continuously appropriated for payment of debt service with respect to



designated bonds as provided in subdivision (c) of Section 16773. So long as any designated bonds remain outstanding, the moneys in the Transportation Bond Direct Payment Account may not be used for any other purpose, and may not be borrowed by or available for transfer to the General Fund pursuant to Section 16310 or any similar law, or to the General Cash Revolving Fund pursuant to Section 16381 or any similar law.

(B) Once the Treasurer makes a certification that payment of debt service with respect to all designated bonds has been paid or provided for, any remaining moneys in the Transportation Bond Direct Payment Account shall be transferred back to the Transportation Debt Service Fund.

(C) The moneys in the Transportation Bond Direct Payment Account shall be invested in the Surplus Money Investment Fund, and all investment earnings shall accrue to the account.

(D) The Controller may establish subaccounts within the Transportation Bond Direct Payment Account as may be required by the resolution, indenture, or other documents governing any designated bonds.

(4) For purposes of this subdivision and subdivision (b), and subdivision (c) of Section 16773, "debt service" means payment of all of the following costs and expenses with respect to any designated bond:

(A) The principal of and interest on the bonds.

(B) Amounts payable as the result of tender on any bonds, as described in clause (iv) of subparagraph (B) of paragraph (1) of subdivision (d) of Section 16731.



(C) Amounts payable under any contractual obligation of the state to repay advances and pay interest thereon under a credit enhancement or liquidity agreement as described in clause (iv) of subparagraph (B) of paragraph (1) of subdivision (d) of Section 16731.

(D) Any amount owed by the state to a counterparty after any offset for payments owed to the state on any hedging contract as described in subparagraph (A) of paragraph (2) of subdivision (d) of Section 16731.

(b) From the moneys transferred to the fund pursuant to paragraph (2) or (3) of subdivision (a), (b), or (c) of Section 9400.4 of the Vehicle Code, or there shall first be deposited into the Transportation Bond Direct Payment Account in each month, sufficient funds to equal the amount designated in a certificate submitted by the Treasurer to the Controller and the Director of Finance at the start of each fiscal year, and as may be modified by the Treasurer thereafter upon issuance of any new issue of designated bonds or upon change in circumstances that requires such a modification. This certificate shall be calculated by the Treasurer to identify, for each month, the amount necessary to fund all of the debt service with respect to all designated bonds. This calculation shall be done in a manner provided in the resolution, indenture, or other documents governing the designated bonds. In the event that transfers to the Transportation Bond Direct Payment Account in any month are less than the amounts required in the Treasurer's certificate, the shortfall shall carry over to be part of the required payment in the succeeding month or months.

(c) The state hereby covenants with the holders from time to time of any designated bonds that it will not alter, amend, or restrict the provisions of subdivision



(c) of Section 16773 of the Government Code, Sections 9400, 9400.1, 9400.4, and 42205 of the Vehicle Code, which provide directly or indirectly for the transfer of weight fees to the Transportation Debt Service Fund or the Transportation Bond Direct Payment Account, or subdivisions (a) and (b) of this section, or reduce the rate of imposition of vehicle weight fees under Sections 9400 and 9400.1 of the Vehicle Code as they existed on the date of the first issuance of any designated bonds, if that alteration, amendment, restriction, or reduction would result in projected weight fees for the next fiscal year determined by the Director of Finance being less than two times the maximum annual debt service with respect to all outstanding designated bonds, as such calculation is determined pursuant to the resolution, indenture, or other documents governing the designated bonds. The state may include this covenant in the resolution, indenture, or other documents governing the designated bonds.

(d) Once the required monthly deposit, including makeup of any shortfalls from any prior month, has been made pursuant to subdivision (b), from moneys transferred to the fund pursuant to paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund ~~on~~ with respect to any bonds issued pursuant to Proposition 192 (1996) and three-quarters of the amount of current year debt service payments made from the General Fund ~~on any bonds~~ with respect to any nondesignated bonds, as defined in subdivision (c) of Section 16773, issued pursuant to Proposition 1B (2006). ~~These~~ In the alternative, these funds may



also be used to redeem or ~~defease~~ retire the applicable bonds, pursuant to Section 16774, maturing in a subsequent fiscal year as directed by the Director of Finance.

(e)

(e) From moneys transferred to the fund pursuant to Section 183.1 of the Streets and Highways Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund ~~on~~ with respect to any bonds issued pursuant to Proposition 116 (1990). ~~These~~ In the alternative, these funds may also be used to redeem or ~~defease~~ retire the applicable bonds, pursuant to Section 16774, maturing in a subsequent fiscal year as directed by the Director of Finance.

(d) From

(f) Once the required monthly deposit, including makeup of any shortfalls from any prior month, has been made pursuant to subdivision (b), from moneys transferred to the fund pursuant to paragraph (2) or (3) of subdivision (a), (b), or (c) of Section 9400.4 of the Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the eligible cost of current year debt service payments made from the General Fund ~~on~~ with respect to any bonds issued pursuant to Proposition 108 (1990) and Proposition 1A (2008), and one-quarter of the amount of current year debt service payments made from the General Fund ~~on any bonds~~ with respect to any nondesignated bonds, as defined in subdivision (c) of Section 16773, issued pursuant to Proposition 1B (2006). The Department of Finance shall notify the Controller by July 30 of every year of the percentage of debt service that is expected to be paid in that fiscal year ~~on~~



with respect to bond-funded projects that qualify as eligible guideway projects consistent with the requirements applicable to the expenditure of revenues under Article XIX of the California Constitution, and the Controller shall make payments only for those eligible projects. ~~These~~ In the alternative, these funds may also be used to redeem or ~~defease~~ retire the applicable bonds, pursuant to Section 16774, maturing in a subsequent fiscal year as directed by the Director of Finance.

(e)

(g) On or before the second business day following the date on which transfers are made to the Transportation Debt Service Fund, and after the required monthly deposits for that month, including makeup of any shortfalls from any prior month, have been made to the Transportation Bond Direct Payment Account, the Controller shall transfer the funds designated for reimbursement of bond debt service with respect to nondesignated bonds, as defined in subdivision (c) of Section 16773, and other bonds identified in subdivisions (d), (e), and (f) in that month from the fund to the General Fund pursuant to this section.

SEC. 4. Section 9400.1 of the Vehicle Code is amended to read:

9400.1. (a) (1) In addition to any other required fee, there shall be paid the fees set forth in this section for the registration of commercial motor vehicles operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more. Pickup truck and electric vehicle weight fees are not calculated under this section.

(2) The weight of a vehicle issued an identification plate pursuant to an application under Section 5014, and the weight of an implement of husbandry as defined



in Section 36000, shall not be considered when calculating, pursuant to this section, the declared gross vehicle weight of a towing commercial motor vehicle that is owned and operated exclusively by a farmer or an employee of a farmer in the conduct of agricultural operations.

(3) Tow trucks that are utilized to render assistance to the motoring public or to tow or carry impounded vehicles shall pay fees in accordance with this section, except that the fee calculation shall be based only on the gross vehicle weight rating of the towing or carrying vehicle. Upon each initial or transfer application for registration of a tow truck described in this paragraph, the registered owner or lessee or that owner's or lessee's designee, shall certify to the department the gross vehicle weight rating of the tow truck:

Gross Vehicle Weight Range	Fee
10,001–15,000	\$ 257
15,001–20,000	353
20,001–26,000	435
26,001–30,000	552
30,001–35,000	648
35,001–40,000	761
40,001–45,000	837
45,001–50,000	948
50,001–54,999	1,039
55,000–60,000	1,173
60,001–65,000	1,282
65,001–70,000	1,398
70,001–75,000	1,650
75,001–80,000	1,700

(b) The fees specified in subdivision (a) apply to both of the following:



(1) An initial or original registration occurring on or after December 31, 2001, to December 30, 2003, inclusive, of a commercial motor vehicle operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more.

(2) The renewal of registration of a commercial motor vehicle operated either singly or in combination, with a declared gross vehicle weight of 10,001 pounds or more for which registration expires on or after December 31, 2001, to December 30, 2003, inclusive.

(c) (1) For both an initial or original registration occurring on or after December 31, 2003, of a commercial motor vehicle operated either singly or in combination with a declared gross vehicle weight of 10,001 pounds or more, and the renewal of registration of a commercial motor vehicle operated either singly or in combination, with a declared gross vehicle weight of 10,001 pounds or more for which registration expires on or after December 31, 2003, there shall be paid fees as follows:

Gross Vehicle Weight Range	Weight Code	Fee
10,001–15,000	A	\$ 332
15,001–20,000	B	447
20,001–26,000	C	546
26,001–30,000	D	586
30,001–35,000	E	801
35,001–40,000	F	937
40,001–45,000	G	1,028
45,001–50,000	H	1,161
50,001–54,999	I	1,270
55,000–60,000	J	1,431
60,001–65,000	K	1,562
65,001–70,000	L	1,701
70,001–75,000	M	2,004
75,001–80,000	N	2,064



(2) For the purpose of obtaining “revenue neutrality” as described in Sections 1 and 59 of Senate Bill 2084 of the 1999-2000 Regular Session (Chapter 861 of the Statutes of 2000), the Director of Finance shall review the final 2003-04 Statement of Transactions of the State Highway Account. If that review indicates that the actual truck weight fee revenues deposited in the State Highway Account do not total at least seven hundred eighty-nine million dollars (\$789,000,000), the Director of Finance shall instruct the department to adjust the schedule set forth in paragraph (1), but not to exceed the following fee amounts:

Gross Vehicle Weight Range	Weight Code	Fee
10,001–15,000	A	\$ 354
15,001–20,000	B	482
20,001–26,000	C	591
26,001–30,000	D	746
30,001–35,000	E	874
35,001–40,000	F	1,024
40,001–45,000	G	1,125
45,001–50,000	H	1,272
50,001–54,999	I	1,393
55,000–60,000	J	1,571
60,001–65,000	K	1,716
65,001–70,000	L	1,870
70,001–75,000	M	2,204
75,001–80,000	N	2,271

(d) (1) In addition to the fees set forth in subdivision (a), a Cargo Theft Interdiction Program fee of three dollars (\$3) shall be paid at the time of initial or original registration or renewal of registration of each motor vehicle subject to weight fees under this section.

(2) This subdivision does not apply to vehicles used or maintained for the transportation of persons for hire, compensation or profit, and tow trucks.



(3) For vehicles registered under Article 4 (commencing with Section 8050) of Chapter 4, the fee imposed under this subdivision shall be apportioned as required for registration fees under that article.

(4) Funds collected pursuant to the Cargo Theft Interdiction Program shall not be proportionately reduced for each month and shall be transferred to the Motor Carriers Safety Improvement Fund.

(e) Notwithstanding Section 42270 or any other provision of law, of the moneys collected by the department under this section, one hundred twenty-two dollars (\$122) for each initial, original, and renewal registration shall be reported monthly to the Controller, and at the same time, deposited in the State Treasury to the credit of the Motor Vehicle Account in the State Transportation Fund. All other moneys collected by the department under this section shall be deposited to the credit of the State Highway Account in the State Transportation Fund, or directly to the credit of the Transportation Debt Service Fund as provided in paragraph (2) of subdivision (c) of Section 9400.4, as applicable. One hundred twenty-two dollars (\$122) of the fee imposed under this section shall not be proportionately reduced for each month. For vehicles registered under Article 4 (commencing with Section 8050) of Chapter 4, the fee shall be apportioned as required for registration under that article.

(f) (1) The department, in consultation with the Department of the California Highway Patrol, shall design and make available a set of distinctive weight decals that reflect the declared gross combined weight or gross operating weight reported to the department at the time of initial registration, registration renewal, or when a weight change is reported to the department pursuant to Section 9406.1. A new decal shall be



issued on each renewal or when the weight is changed pursuant to Section 9406.1. The decal for a tow truck that is subject to this section shall reflect the gross vehicle weight rating or weight code.

(2) The department may charge a fee, not to exceed ten dollars (\$10), for the department's actual cost of producing and issuing each set of decals issued under paragraph (1).

(3) The weight decal shall be in sharp contrast to the background and shall be of a size, shape, and color that is readily legible during daylight hours from a distance of 50 feet.

(4) Each vehicle subject to this section shall display the weight decal on both the right and left sides of the vehicle.

(5) A person may not display upon a vehicle a decal issued pursuant to this subdivision that does not reflect the declared weight reported to the department.

(6) Notwithstanding subdivision (e) or any other provision of law, the moneys collected by the department under this subdivision shall be deposited in the State Treasury to the credit of the Motor Vehicle Account in the State Transportation Fund.

(7) This subdivision shall apply to vehicles subject to this section at the time of an initial registration, registration renewal, or reported weight change that occurs on or after July 1, 2004.

(8) The following shall apply to vehicles registered under the permanent fleet registration program pursuant to Article 9.5 (commencing with Section 5301) of Chapter 1:



(A) The department, in consultation with the Department of the California Highway Patrol, shall distinguish the weight decals issued to permanent fleet registration vehicles from those issued to other vehicles.

(B) The department shall issue the distinguishable weight decals only to the following:

(i) A permanent fleet registration vehicle that is registered with the department on January 1, 2005.

(ii) On and after January 1, 2005, a vehicle for which the department has an application for initial registration as a permanent fleet registration vehicle.

(iii) On and after January 1, 2005, a permanent fleet registration vehicle that has a weight change pursuant to Section 9406.1.

(C) The weight decal issued under this paragraph shall comply with the applicable provisions of paragraphs (1) to (6), inclusive.

SEC. 5. Section 9400.4 of the Vehicle Code is amended to read:

9400.4. Weight fee revenue deposited into the State Highway Account pursuant to subdivision (e) of Section 9400.1 and subdivision (a) of Section 42205 net of amounts appropriated for other purposes pursuant to subdivision (b) of Section 42205, and weight fee revenues deposited directly into the Transportation Debt Service Fund pursuant to subdivision (e) of Section 9400.1 and subdivision (a) of Section 42205, as applicable, shall be used as follows:

(a) For the 2010–11 fiscal year, seven hundred fifty-six million three hundred ninety-six thousand dollars (\$756,396,000) is hereby appropriated from weight fee



revenues in the State Highway Account for transfer to the General Fund as transportation bond debt service reimbursement and loans as follows:

(1) The Controller shall transfer all weight fee revenues deposited into the State Highway Account in any month to the Transportation Debt Service Fund for transfer to the General Fund as reimbursement for debt service costs until all of the debt service paid on transportation bonds for projects that the Director of Finance indicates qualify for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed.

(2) After the Director of Finance has notified the Controller that all debt service costs for the 2010–11 fiscal year have been reimbursed, the Controller shall transfer any remaining monthly weight fee revenues in the State Highway Account to the General Fund as a loan until the full amount appropriated in this subdivision has been transferred to the General Fund. The Director of Finance may repay any remaining portion of the outstanding balance of this loan in any year in which the Director of Finance determines the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or ~~defease~~ retire those bonds, pursuant to Section 16774 of the Government Code, maturing in a subsequent fiscal year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code.

(3) By June 15, 2011, the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the



General Fund during the 2010–11 fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse and adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount appropriated in this subdivision. The total amount of weight fee revenues transferred from the State Highway Account for the 2010–11 fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account for that year.

(4) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.

(b) For the 2011–12 fiscal year, all revenue generated from weight fees in the State Highway Account, as determined by Sections 9400.1 and 42205, excluding an amount equal to the loan of forty-three million seven hundred thousand dollars (\$43,700,000) authorized pursuant to Item 2660-013-0042 of Section 2.00 of the Budget Act of 2011, is hereby appropriated for transfer to the General Fund as debt service reimbursement and loans as follows:

(1) The Controller shall transfer all weight fee revenues deposited into the State Highway Account in any month to the Transportation Debt Service Fund for transfer to the General Fund as reimbursement for debt service costs until all of the debt service paid on transportation bonds for projects that the Director of Finance indicates qualify



for reimbursement as provided for in Section 16965 of the Government Code have been reimbursed.

(2) After the Director of Finance has notified the Controller that all debt service costs for the 2011–12 fiscal year have been reimbursed, the Controller shall transfer any remaining weight fee revenues for that fiscal year in the State Highway Account to the General Fund as a loan until all weight fee revenues for that fiscal year appropriated in this subdivision have been transferred to the General Fund, excluding forty-two million dollars (\$42,000,000), which shall be transferred to the General Fund as a loan on July 1, 2012. The Director of Finance may repay any portion of the balance of this loan in any year in which the Director of Finance determines the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or ~~defease~~ retire those bonds, pursuant to Section 16774 of the Government Code, maturing in a subsequent year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code.

(3) By June 15, 2012, the Director of Finance in consultation with the Treasurer shall notify the Controller regarding the final amount of debt service paid from the General Fund during the 2011–12 fiscal year pursuant to Section 16965 of the Government Code and shall direct the Controller to reverse and adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the



difference between this amount and the total amount appropriated in this subdivision. The total amount of weight fee revenues transferred from the State Highway Account for the 2011–12 fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account in that year.

(4) With respect to transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.

(c) (1) ~~Starting with the 2012–13 fiscal year and every year thereafter~~ (A) Until the month of first issuance of designated bonds as defined in subdivision (c) of Section 16773 of the Government Code, and at any time thereafter that a Treasurer's certification pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 16965 of the Government Code applies, all weight fee revenues deposited into the State Highway Account in any month subject to this section in any month shall be transferred from the State Highway Account to the Transportation Debt Service Fund and are Fund.

(B) Except as provided in paragraph (3), or when subparagraph (A) applies pursuant to a Treasurer's certification, upon the first issuance of designated bonds, as defined in subdivision (c) of Section 16773 of the Government Code, starting in the month following that first issuance, all weight fee revenues received by the Controller from the first day through the 14th day of every month shall be transferred from the State Highway Account to the Transportation Debt Service Fund.

(C) All funds transferred pursuant to subparagraphs (A) and (B) are hereby appropriated for transfer to the General Fund by the Controller as reimbursement for



debt service costs ~~until all of the debt service paid on transportation bonds paid with respect to eligible bonds described in subparagraph (A) of paragraph (2) of subdivision (a) of Section 16965 of the Government Code, until all debt service~~ that the Director of Finance indicates ~~qualify~~ qualifies for reimbursement as provided for in subdivision (d), (e), or (f) of Section 16965 of the Government Code has been reimbursed, or to redeem or ~~defease~~ retire bonds, pursuant to Section 16774 of the Government Code, as referenced in subdivision ~~(b) or (d), (e), or (f)~~ of Section 16965 of the Government Code, that are maturing in a subsequent year. After the Director of Finance has notified the Controller that all debt service costs for the fiscal year have been reimbursed, the Controller shall transfer any remaining revenue generated from weight fees subject to this section for that fiscal year in the State Highway Account to the General Fund as a loan. The Director of Finance may repay any portion of the balance of this loan in any year in which the Director of Finance determines that the funds are needed to reimburse the General Fund for current year transportation bond debt service or to redeem or ~~defease~~ retire those bonds pursuant to Section 16774 of the Government Code, maturing in a future fiscal year, provided that the loans shall be repaid no later than June 30, 2021. All funds loaned pursuant to this section, upon repayment to the State Highway Account, shall be immediately transferred by the Controller to the Transportation Debt Service Fund for use pursuant to Section 16965 of the Government Code. By June 15 of each year, the Director of Finance, in consultation with the Treasurer, shall notify the Controller regarding the final amount of debt service paid from the General Fund during that fiscal year pursuant to subdivision (d), (e), or (f) of Section 16965 of the Government Code and shall direct the Controller to reverse or



adjust any transfers made as debt service reimbursements or loans so that a maximum amount of transfers are made for debt service reimbursements and with any loan amounts limited to the difference between this amount and the total amount of revenue for that fiscal year generated from weight fees, as determined by Sections 9400.1 and 42205. The total amount of weight fee revenues transferred from the State Highway Account in any fiscal year shall not be greater than the total amount of weight fee revenues deposited into the State Highway Account in that year.

(2) Starting in the month following the first issuance of any designated bonds, unless a Treasurer's certification pursuant to subparagraph (B) of paragraph (3) of subdivision (a) of Section 16965 of the Government Code applies, all weight fee revenues subject to this section that are received by the Controller from the 15th day of every month, or the first business day thereafter if not a business day, through the last day of the month shall be deposited directly in the Transportation Debt Service Fund and are hereby appropriated for transfer as follows:

(A) First, to the Transportation Bond Direct Payment Account as set forth in subdivision (b) of Section 16965 of the Government Code, to provide for payment of debt service with respect to designated bonds.

(B) Thereafter, as provided in subparagraph (C) of paragraph (1).

(3) Notwithstanding paragraphs (1) and (2), if by the last day of a month the transfer for that month relating to designated bonds required by the Treasurer's certificate described in subdivision (b) of Section 16965 of the Government Code has not been made due to insufficient weight fee revenue, weight fee revenue shall continue to be transferred pursuant to paragraph (2) beginning with the first day of the subsequent



month and continuing every day until such time as sufficient revenue for full compliance with the certificate has been transferred.

~~(2) With~~

(4) Except as otherwise provided in paragraph (1), (2), or (3), with respect to any transfers or portions of transfers that cannot be made in any given month if weight fee revenues are insufficient, the first weight fee revenues available in the following month or months shall be used to complete the transfers for the previous month or months prior to making additional transfers for later months.

SEC. 6. Section 42205 of the Vehicle Code is amended to read:

42205. (a) Notwithstanding Chapter 3 (commencing with Section 42270), the department shall file, at least monthly with the Controller, a report of money received by the department pursuant to Section 9400 for the previous month and shall, at the same time, remit all money so reported to the Treasurer. On order of the Controller, the Treasurer shall deposit all money so remitted into the State Highway Account in the State Transportation Fund, or directly into the Transportation Debt Service Fund as provided in paragraph (2) of subdivision (c) of Section 9400.4, as applicable.

(b) The Legislature shall appropriate from the State Highway Account in the State Transportation Fund to the department and the Franchise Tax Board amounts equal to the costs incurred by each in performing their duties pursuant to Article 3 (commencing with Section 9400) of Chapter 6 of Division 3. The applicable amounts shall be determined so that the appropriate costs for registration and weight fee collection activities are appropriated between the recipients of revenues in proportion to the revenues that would have been received individually by those recipients if the



total fee imposed under the Vehicle License Fee Law (Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code) was 2 percent of the market value of a vehicle. The remainder of the funds collected under Section 9400 and deposited in the account, other than the direct deposits to the Transportation Debt Service Fund referenced in subdivision (a), may be appropriated to the Department of Transportation, the Department of the California Highway Patrol, and the Department of Motor Vehicles for the purposes authorized under Section ~~2~~3 of Article XIX of the California Constitution.

SEC. 7. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Transportation bond debt service.

Existing law authorizes general obligation bonds to be issued and sold under various transportation bond measures approved by the voters. Debt service for general obligation bonds is generally payable from the General Fund.

Existing law provides for the imposition of weight fees on certain vehicles. Revenues from weight fees, after administrative expenses, are available for expenditure from the State Highway Account. Under Article XIX of the California Constitution, weight fee revenues are restricted to expenditure on certain transportation purposes.

Existing law, beginning with the 2012–13 fiscal year, provides for the transfer to the Transportation Debt Service Fund of weight fee revenues deposited in the State Highway Account. These revenues are then transferred from the Transportation Debt Service Fund to the General Fund, as reimbursement for debt service on certain transportation general obligation bonds until all of the eligible debt service on those



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bonds has been reimbursed, or to redeem or defease bonds that are maturing in a subsequent fiscal year. Existing law also provides for a loan to the General Fund of any of these weight fee revenues that are not immediately needed for debt service reimbursement purposes, but provides for the loans to be repaid when those revenues are needed for debt service reimbursement purposes at a later time, as specified.

This bill would create a class of transportation general obligation bonds known as designated bonds, which would be a portion of the transportation general obligation bonds issued and sold pursuant to Proposition 1B of 2006. The bill would provide for transfer, pursuant to a certificate of the Treasurer, of a certain amount of weight fee revenue to the Transportation Debt Service Fund for the purpose of directly paying the debt service on the designated bonds, rather than providing for payment of the debt service indirectly through reimbursement of the General Fund. These weight fee revenues would be deposited in the newly created Transportation Bond Direct Payment Account in the Transportation Debt Service Fund and would be continuously appropriated for that purpose. To the extent the transferred weight fee revenues are insufficient to pay all the debt service on the designated bonds, the General Fund would remain responsible for the remaining debt service. The weight fee revenue to be used to pay debt service on the designated bonds would generally be the amount of weight fee revenue received by the Controller from the 15th day to the last day of each month. The remaining weight fee revenue would be used to pay the debt service on certain other transportation general obligation bonds. This bill would provide that the state covenants with bond holders of designated bonds that it will not alter, amend, or restrict the statutory provisions in this bill that provide for the transfer of weight fees to the



Transportation Debt Service Fund or the Transportation Bond Direct Payment Account, and that it will not reduce weight fees below a specified amount on and after the first date that designated bonds are issued. The bill would enact other related provisions.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

